

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE

(No Surface Use)

THIS LEASE AGREEMENT is made this 13th day of 41114th, 2008, by and between
James A. Banks, a single Person
whose addresss is 2537 Clearest Drive Fort Worth Texas 7(0)19 as Lesso and, DALE PROPERTY SERVICES, L.L.C. 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the part hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee. 1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:
OUT OF THE GIGNOREST BEING LOT(S) OUT OF THE GIGNOREST ADDITION, AN ADDITION TO THE CITY OF THE FORT LOCK STATE OF THE CORDER OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.
in the County of Tarrant, State of TEXAS, containing • OCS gross acres, more or loss (including any interests therein which Lessor may hereafter acquire be reversion, prescription of otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used horoin includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of leased premises, and, in consideration of the aforementioned cash bonus Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpos of determining the amount of any shut-in royalities hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.
2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of FIVE (5_)years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is
otherwise maintained in effect pursuant to the provisions hereof. 3. Royallies on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbon separated at Lessee's separator facilities, the royally shall be IDEANY-FINE PERCEN+(35)—%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be production, severance, or other excise laxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is outh price then prevailing in the same field (in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the production of similar quality in the same field (in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the leased premises or lands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities or such well are walling on hydrautic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar
4. All shul-in royalty payments under this lease shall be paid or tendered to Lessor's credit in at lessor's address above or its successors, which sha be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by chock or by depository and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution, or for any reason fail or refuse to accept payment. 5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities (trerinafter called "dry hole") on the lease pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force at shall nevertheless remain in force if Lessee contractices operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If a the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such o
6. Lesses shall have the right but not the obligation to poot all or any part of the leased premises or interest therein with any other lands or interests, as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessed deems it necessary oppoper to do so in order to prudently develop or operate the leased premises, whether pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage toterance of 10%, and for a gas well or horizontal completion shall not exceed 640 acres plus a maximum acreage toterance of 10%, provided that a larger unit may be formed for an oil well or gas well or horizontal completion to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and the term "horizontal competition" means an oil well in which the horizontal component of the grown permitted by the government of production of the lease of premises and the term "horizontal completion" means an oil well in which the horizontal component

7. If Lessor owns less than the full infector estate in all or any part of the leased premises, the royalties and shut-in coyalties payable herounder for any well on any part of the leased premises or lands pooled therowith shelf be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessoe hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the

d. The interest of either costs of costs and assigned in their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lesson's coverestly shall have the effect of reducing the rights or enlarging the obligations of Lessoe hereunder, and no change in ownership shall be binding on Lessoe until 60 days after Lessoe has been furnished the original or cartified or duly submodicibled sopies of the documents establishing such change of ownership to the satisfaction of Lessoe or until Lessor has satisfied the notification requirements contained in Lessoe's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessoe may pray or lender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut in royalties hereunder, tessed may prevent and above, in the two thick persons are entitled to shut in royalties hereunder, tessed may or tender such shut in royalties to such persons or to their credit in the depository, either jointly or separately to proportion to the interest which each owns. If tessed transferr its interest hereunder in white or in part tesses shall be reliaved of all obligations thereafter by the transferred interest, and failure of the transferred to shifty such obligations with respect to the transferred interest, and failure of the transferred to any interest not so transferred. If tessed transferred interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut in royalties hereunder shall be divided between tessed and the transferred in proportion to the rot acreage interest in this lease then held by each.

9. Lessed may, at any time and from time to time, deliver to Lessor or file of record a written release of this tease as to a full or undivided interest in all or any portion of the area covered by this tease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releason all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shuf-in royalties shall be proportionately reduced in accordance with the net acreage interest retained herounder.

In exploiting for, developing, producing and metholing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of walls, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pils, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or pands. In exploring, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial fermination of this lease; and (b) to any other lands in which Lessor now or hereefter has authority to grant such loads. No well shall be leased premises or lands pourted therewith. When requested by Lesser will be a leased premises or lands provided therewith.

offer lands in which Lessor now or herselfer has authority to grant and highest in the fueled or other partial termination of this lesso; and (b) to any classes shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the lessed premises or other lands used by Lesses hereunder, without Lessor's consent, and Lesses shall pay for damage caused by the operations to buildings and other improvements or much other lands, and to commercial limber and growing crops thereon. Lesses staff have the right at any time to resurve its factures, equipment and materials, including well casing, from the lessed premises or such other lands during the term of this lease or within a rensonable time thereafter.

11. Lesses's obligations under this loase, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction funding restrictions on the drilling and modection of walls, and the price of oil, gas, and other substances covered hereby. When chilling, revording, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by hability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or ensements, or by fire, flood, adverse weather conditions, war, sobolage, rebellion, insurrection, riot, strike or later disputes, or by Inability to obtain make for production or failure of purchasers or carriers to take or franeport such production, or by any other cause not reasonably within Lesses's control, this lease obtain an abstance or prevented or any express or implied covernants of this lease or production or other prevention or delay shall be added to the term hursof. Lesses shall not be liable for breach of any express or implied covernants of this lease or the material production or other expressions are so prevented, delayed or Interrect the riman of this lease or production or o

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessoe, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes sciented by Lossee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royally or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hardly warrants and agrees to defend title convoyed to Lessee herounder, and agrees that Lessee at Lessee's option may pay and discharge any taxes,

mortgages or tions existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reinforce itself out of any royalties or shuf-it mystlies otherwise payable to Lessor hereundor. In the event Lessee is made aware of any claim inconsistent with Lessee may suspend the payment of royalties and shuf-in royalties hereunder, without interest, until Lessee has been familiated satisfactory evidence that such claim has been resolved.

Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the tensed premises for drilling or other operations.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that the Lease is the product of good faith negotiations. Lessor until that these lease payments and terms are first that the product of the lease is the product of good faith negotiations. are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Nother party to this lease will seek to alter the terms of this transaction hased upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

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IN WITNESS WHEREOF, this lease is executed to be effective as o heirs, devisees, executors, administrators, successors and ausigns, w		abova, but upon execution shall be blinding on the signatory and the sign has been executed by all parties bereinabove hamed as Lessor.
LESSOR (WHETHER ONE OR MORE)		
UV: James A Banks	4	Olyande Ram
" YOUNE 5 A. ISCHURS		by.
Toma	ACKNOWLEDG	DITE V.T.
STATE OF TEXCLS COUNTY OF TEXT ON F	i. 11	
COUNTY OF TOUT ON THE Instrument was acknowledged before me on the by: James A. Bunks, a single Pers	d clay of _	F) 1 2008.
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Hotary Protest Coxess My Commence of Coxess Million Commence of Coxess		Notary Public, State of TEXCIS Notary's name (printed): Notary's commission expires:
STATE OF		
COUNTY OF This instrument was acknowledged before me on theby:	day of	, 2008.
FILED AS RECEIVED	ĺ	

Notary Public, State of Notary's name (printed); Notary's commission expires;

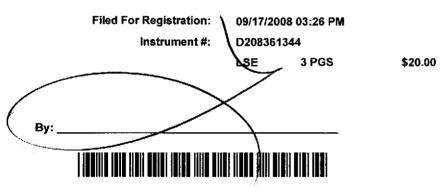


DALE PROPERTY SERVICES LLC ATTN: ANN VANDENBERG 2100 ROSS AVE, STE 1870, LB-9 DALLAS TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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